

Message Text

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60

ORIGIN AID-20

INFO OCT-01 NEA-10 ISO-00 L-03 COME-00 EB-11 H-03 CIAE-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07

NSC-07 PA-04 PRS-01 SS-20 USIA-15 /147 R

DRAFTED BY TA/STS :WWRHODES:GJ

APPROVED BY NEABCALATHERTON (IN DRAFT)

AA/TA:CFARRAR

NEA/ARP:BWRAMPPELMEIER

SER/ENGR:LB TAYLOR (SUBS)

GC/ASIA:CGOLDSTEIN

GC/TFHA:ARICHSTEIN

L/NEA:ATBROWN

H:FOLGER

COMM/BIC:MURRAY RENNERT

EB/CBA/BR:RSCISSORS

NEA:SSOBER

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R 012227Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 089592

E.O. 11652:GDS

TAGS: SA, EAID

SUBJECT: UMBRELLA AGREEMENT FOR TECHNICAL SERVICES TO

SAUDI ARABIA

REF: JIDDA 1742

1. DEPARTMENT AND AID PLEASED AT INITIAL FAVORABLE SAG
RESPONSE ELICITED BY EMBASSY. THE SUGGESTIONS IN REFTTEL
ARE IN GENERAL AGREEMENT BUT THEY, ALONG WITH CHANGES
MADE DURING WASHINGTON CLEARANCE, HAVE SO SUBSTANTIALLY
ALTERED THE TEXT THAT WE HAVE RESTATED THE COMPLETE
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AGREEMENT AT THE END OF THIS MESSAGE SO THAT OUR COMMENTS

CAN BE READILY IDENTIFIED WITH THE REVISIONS.

2. THE REVISED VERSION HAS NINE PARAGRAPHS, WHICH CAN BE DESIGNATED AS: ONE, INTRODUCTION; TWO, ESTABLISHMENT OF OFFICE; THREE, REQUEST PROCEDURES; FOUR, TRAINING IN THE UNITED STATES; FIVE, FUNDING ARRANGEMENTS; SIX, AID/W COSTS REIMBURSED; SEVEN, PERSONNEL IMMUNITIES; EIGHT, PROGRESS REVIEWS; NINE, DURATION AND TERMINATION. COMMENTS BELOW FOLLOW THIS NEW PARAGRAPH NUMBERING.

3. PARA ONE: THE QUESTION YOU RAISED UNDER COMMENT (1) OF PARA 4, REFTEL, REGARDING AID WILLINGNESS TO PROVIDE CONTRACTING ASSISTANCE TO SAG HAS BEEN FULLY EXPLORED, WITH POSITIVE RESULTS. AID IS EXPERIENCED AND COMPETENT IN FURNISHING TECHNICAL SERVICES THROUGH A

VARIETY OF ADMINISTRATIVE ARRANGEMENTS. AID WANTS TO BE FULLY RESPONSIVE TO SAG'S NEEDS AND PROPOSES TO USE, AS APPROPRIATE, AID EMPLOYEES, OTHER USG EMPLOYEES, AND AI CONTRACTORS, PARTICULARLY U.S. UNIVERSITIES WITH UNIQUE DEVELOPMENT EXPERTISE ACQUIRED UNDER AID CONTRACTS. AID IS ALSO EXPERIENCED IN AND WILLING TO PROVIDE CONTRACTING FACILITATION FOR SAG. THIS MEANS THAT AID COULD PROVIDE A RANGE OF SERVICES INCLUDING (A) PROJECT DEVELOPMENT (PLANNING AND SCHEDULING WORK NEEDED); (B) PREPARATION OF REQUESTS FOR COMMERCIAL PROPOSALS INCLUDING ALL ENGINEERING OR OTHER TECHNICAL DETAILS; (C) EVALUATION OF PROPOSALS RECEIVED; (D) RECOMMENDATION FOR AID TO SPECIFIC CONTRACTOR; AND (E) COMPLETE PROJECT MANAGEMENT TO COMPLETION OF WORK. TO MAXIMUM EXTENT FEASIBLE, THESE SERVICES WOULD BE CONTRACTED WITH U.S. PRIVATE SECTOR. WHERE MAJOR CONTRACTUAL SERVICES ARE REQUESTED WE WOULD ENLIST ASSISTANCE OF ALL USG AGENCIES, INCLUDING PRINCIPALLY DEPARTMENT OF COMMERCE, TO IDENTIFY QUALIFIED AND INTERESTED FIRMS. AID, HOWEVER, WOULD OVERSEE THE CONTRACTORS' WORK. AID RECOMMENDS THAT FOR CONSTRUCTION WORK, E.G., SUPERVISION CONTRACTS AS WELL AS OPERATIONAL CONTRACTS BE BETWEEN SAG AND THE CONTRACTOR, WITH USG NOT A PARTY. THE REVISED AGREEMENT WOULD ALSO PERMIT AID TO FACILITATE SAG RECRUITMENT OF CONFIDENTIAL

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INDIVIDUAL U.S. CITIZENS. ARRANGEMENTS CONTEMPLATED WOULD ASSURE SAG OF HIGH QUALITY SERVICES MONITORED BY AID WITHOUT REQUIRING THE FULL APPLICATION OF USG PROCUREMENT REGULATIONS AND PROCEDURES. WE BELIEVE THE ABOVE INFORMATION UNNECESSARILY DETAILED FOR INCLUSION IN THE AGREEMENT, BUT CAN BE EXPLAINED IN PRINCIPLE DURING NEGOTIATIONS.

4. PARA TWO: LANGUAGE HAS BEEN CHANGED TO QUOTE ADVISORS FURNISHED BY THE U.S. GOVERNMENT UNQUOTE INSTEAD OF QUOTE

ADVISORS EMPLOYED BY THE KINGDOM UNQUOTE. ALTHOUGH, AS MENTIONED, SOME HELP CAN BE GIVEN TOWARD SAG EMPLOYMENT OF U.S. ADVISORS, ADMINISTRATIVE SUPPORT IS CONTEMPLATED ONLY FOR USG EMPLOYEES AND U.S. CONTRACTORS.

5. PARA THREE: ONLY CHUNG HERE IS FOR CLARIFICATION. IT IS WORTH EMPHASIZING THAT AN IMPORTANT ELEMENT OF THIS AGREEMENT AND ITS PROVISION OF ADVANCE FUNDING IS TO EXPEDITE U.S. RESPONSES TO ARTICULATED SAG NEEDS. IF SAG RESPONSE TO THE QUOTE COUNTERPART OFFICE UNQUOTE CONCEPT IS TO ESTABLISH ROADBLOCKS, THIS PURPOSE OF THE AGREEMENT WILL BE DEFEATED.

6. PARA FOUR: ONLY CHANGE IS ADDITION OF FINAL PHRASE QUOTE UNDER THE TERMS OF THIS AGREEMENT UNQUOTE. THIS NEEDED BECAUSE AS NOW ARRANGED THE ADVANCE FUND IS NOT EXPLAINED UNTIL PARA FIVE.

7. PARA FIVE COMBINES THE STATEMENT THAT SAG WILL PAY ALL COSTS WITH THE DESCRIPTION OF THE TRUST FUNDS AND SPECIFIES THE USE OF BOTH A DOLLAR ACCOUNT IN THE U.S. TREASURY AND A LOCAL CURRENCY ACCOUNT. THE U.S. GEOLOGICAL SURVEY TEAM IN RIYADH HAS USED THE TWO ACCOUNT METHOD SATISFACTORILY FOR SOME TIME. YOU MAY WISH TO MENTION IT AS A MODEL. THE TEXT IS INTENTIONALLY SILENT ON HOW COSTS WILL BE SPLIT BETWEEN THE ACCOUNTS, IN ORDER TO PERMIT FLEXIBILITY OF ADMINISTRATION.

8. PARA SIX IS CHANGED TO INCORPORATE REFERENCE TO BOTH SPECIAL ACCOUNTS.

9. PARA SEVEN CLARIFIES THAT DEPENDENTS ALSO HAVE CONFIDENTIAL

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IMMUNITY. AS A MINIMUM, ALL HOLDERS OF OFFICIAL PASSPORTS SHOULD HAVE IMMUNITIES AND PRIVILEGES EQUIVALENT TO THEIR COUNTERPARTS ON EMBASSY STAFF. WE SUGGEST THAT OUR INITIAL POSITION ALSO BE THAT AID CONTRACT EMPLOYEES AND EMPLOYEES OF USG CONTRACTORS (WHO DO NOT HOLD OFFICIAL PASSPORTS) SHOULD HAVE PRIVILEGES AND IMMUNITIES AT LEAST EQUIVALENT TO THOSE OF NON-DIPLOMATIC STAFF OF EMBASSY. OTHERWISE, IT WILL BE NECESSARY TO SPELL OUT AT SOME LATER POINT THE AGREED IMMUNITIES AND PRIVILEGES FOR AID CONTRACTOR PERSONNEL SO THAT THESE CAN BE INCORPORATED INTO THEIR CONTRACTS.

10. PARA EIGHT: EXPERIENCE WITH SAUDI ARABIA MOBILITY PROGRAM'S ANNUAL REVIEW PROCEDURES SUGGESTS WE SHOULD AVOID INCORPORATING A FORMAL REVIEW STRUCTURE IN THE

AGREEMENT. APPROPRIATE TIMING AND FORMAT OF REVIEWS
WILL DEPEND TN VARIOUS FACTORS NOT NOW FORESEEABLE,
INCLUDING NUMBER, SIZE AND TYPE OF ACTIVITIES CARRIED
OUT UNDER THE AGREEMENT. PRESUMABLY THE AMBASSADOR
AND APPROPRIATE MEMBERS TF THE COUNTRY TEAM WOULD
NORMALLY PARTICIPATE IN ANY SUCH REVIEWS, SUPPLEMENTED
BY WASHINGTON STAFF AS REQUIRED. THIS REVISION PERMITS
MAXIMUM FLEXIBILITY TO RESPOND TO CURRENT NEEDS.

11. PARA NINE: NO CHUN
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